

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: Marshall Township	County Calhoun
Audit Date March 31, 2006	Opinion Date April 27, 2006	Date Accountant Report Submitted To State: June 23, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): <b>PLANTE &amp; MORAN, PLLC</b>			
Street Address 750 Trade Centre Way, Suite 300	City Portage	State MI	ZIP 49002
Accountant Signature 			

# **Township of Marshall Calhoun County, Michigan**

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**Financial Report  
with Additional Information  
March 31, 2006**

# Township of Marshall

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## Independent Auditor's Report

To the Members of the Board  
Township of Marshall

We have audited the accompanying basic financial statements of the Township of Marshall as of March 31, 2006 and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Township of Marshall's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Township of Marshall as of March 31, 2006 and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

April 27, 2006

A member of



A worldwide association of independent accounting firms

# **Township of Marshall**

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## **Management's Discussion and Analysis**

Our discussion and analysis of the Township of Marshall's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2006:

- The Township received a federal grant approximating \$125,000 to purchase fire equipment, causing increases in public safety to both revenue and expense.
- The Township purchased six new sirens and related equipment for \$127,000. During the year, \$25,500 was paid as a down payment for the sirens and the remaining \$101,500 is financed through an installment purchase plan to be paid over the next three years.
- The Township incurred \$15,000 of expenses relating to street care during the year, compared to \$0 in the prior year.
- Total net assets related to the Township's governmental activities decreased by approximately \$6,000.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

# Township of Marshall

## Management's Discussion and Analysis (Continued)

### The Township as a Whole

The following table shows the net assets as of the current date and comparisons to prior year information:

	2006	2005
<b>Assets</b>		
Current assets	\$ 491,768	\$ 508,768
Capital assets - Net of accumulated depreciation	876,695	789,774
Total assets	1,368,463	1,298,542
<b>Liabilities</b>		
Current liabilities	95,971	49,247
Long-term debt	139,288	110,000
Total liabilities	235,259	159,247
<b>Net Assets</b>		
Investment in capital assets - Net of debt	665,319	639,774
Restricted for Metro Act	-	3,786
Unrestricted	467,885	495,735
Total net assets	<u>\$ 1,133,204</u>	<u>\$ 1,139,295</u>

The Township's financial position has neither improved nor deteriorated during the year, despite the continued state-wide erosion of revenue sharing, which accounts for a sizeable percentage of General Fund revenues.

# Township of Marshall

## Management's Discussion and Analysis (Continued)

The following table shows the changes of the net assets during the current year and comparisons to prior year information:

	2006	2005
<b>Revenue</b>		
Program revenue - Charges for services	\$ 104,048	78,517
Capital grants and contributions	124,663	-
General revenue:		
Property taxes	149,517	152,585
State-shared revenue	197,496	195,720
Unrestricted investment earnings	13,322	9,101
Total revenue	589,046	435,923
<b>Program Expenses</b>		
General government	197,868	196,864
Public safety	339,584	313,344
Street expenditures	25,836	9,575
Planning and zoning	31,849	29,449
Total program expenses	595,137	549,232
<b>Change in Net Assets</b>	<b>\$ (6,091)</b>	<b>\$ (113,309)</b>

The change in net assets is higher in 2006 than in 2005 due mostly to grant revenue received for fire equipment of approximately \$125,000. Expenses increased during 2006 due to an increase in street care and an increase in public safety expenditures.

### Governmental Activities

The Township board adopted a resolution in 2004 directing use of fund balance. Much of the fund balance has been designated for years to assist with "evening out" the expense of fire apparatus replacement and upgrading as well as improvements to the warning siren system.

### General Fund Budgetary Highlights

There was one unanticipated significant variance between the original budget and the final budget. The amended budget reflects the additional revenue and expense from the federal grant received to purchase fire equipment.

# **Township of Marshall**

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## **Management's Discussion and Analysis (Continued)**

### **Capital Asset and Debt Administration**

The Township purchased approximately \$260,000 of new assets during the year. As mentioned, \$125,000 of the assets were purchased with federal grant money for fire equipment and \$127,000 was spent on six sirens and related equipment, with \$101,500 to be paid over the next three years.

### **Economic Factors and Next Year's Budgets and Rates**

Aside from the items disclosed above, we have no reason to believe that the Township will experience a change in its financial position or results of operations.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.



# Township of Marshall

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## Statement of Net Assets March 31, 2006

### Assets

Cash and investments (Note 2)	\$ 479,132
Delinquent taxes receivable	4,476
Other accounts receivable	8,160
Capital assets - Net of accumulated depreciation (Note 3)	<u>876,695</u>
Total assets	1,368,463

### Liabilities

Due to other governmental units	927
Accounts payable	8,553
Other current liabilities	14,403
Noncurrent liabilities (Note 4):	
Due within one year	72,088
Due in more than one year	<u>139,288</u>
Total liabilities	<u>235,259</u>

### Net Assets

Investment in capital assets - Net of debt	665,319
Unrestricted	<u>467,885</u>
Total net assets	<u><u>\$ 1,133,204</u></u>

# Township of Marshall

## Statement of Activities Year Ended March 31, 2006

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Capital Grants and Contributions	Total Primary Governmental Activities
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
General government	\$ 197,868	\$ 53,098	\$ -	\$ (144,770)
Public safety	339,584	50,950	124,663	(163,971)
Street expenditures	25,836	-	-	(25,836)
Planning and zoning	31,849	-	-	(31,849)
Total primary government	<u>\$ 595,137</u>	<u>\$ 104,048</u>	<u>\$ 124,663</u>	(366,426)
General revenues:				
Property taxes				149,517
State-shared revenues				197,496
Unrestricted investment earnings				<u>13,322</u>
Total general revenues				<u>360,335</u>
<b>Change in Net Assets</b>				(6,091)
<b>Net Assets - Beginning of year</b>				<u>1,139,295</u>
<b>Net Assets - End of year</b>				<u><b>\$ 1,133,204</b></u>

# Township of Marshall

## Governmental Funds Balance Sheet March 31, 2006

### Assets

Cash and investments (Note 2)	\$ 479,132
Delinquent taxes receivable	4,476
Other accounts receivable	<u>8,160</u>
Total assets	<u><u>\$ 491,768</u></u>

### Liabilities and Fund Balances

#### Liabilities

Due to other governmental units	\$ 927
Accounts payable	8,553
Other current liabilities	<u>14,403</u>
Total liabilities	23,883

#### Fund Balances

Designated (Note 5)	127,981
Undesignated	<u>339,904</u>
Total fund balance	<u>467,885</u>

Total liabilities and fund balance	<u><u>\$ 491,768</u></u>
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<b>Fund Balance</b> - Total governmental funds	\$ 467,885
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Long-term liabilities not due and payable in the current period and not reported in the funds	(211,376)
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Capital assets used in governmental activities are not financial resources and are not reported in the funds	<u>876,695</u>
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Total	<u><u>\$ 1,133,204</u></u>
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# Township of Marshall

## Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance Year Ended March 31, 2006

	<u>General Fund</u>
<b>Revenue</b>	
Taxes	\$ 149,517
Licenses and permits	50,950
State sources	197,496
Grants	124,663
Charges for services	53,098
Interest	<u>13,322</u>
Total revenue	589,046
<b>Expenditures</b>	
General government	189,877
Public safety	474,496
Street expenditures	25,836
Planning and zoning	<u>31,849</u>
Total expenditures	<u>722,058</u>
<b>Excess of Expenditures Over Revenue</b>	(133,012)
<b>Other Financing Sources</b> - Issuance of debt	<u>101,376</u>
<b>Change in Fund Balance</b>	(31,636)
<b>Fund Balance</b> - Beginning of year	<u>499,521</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 467,885</u></u>

# Township of Marshall

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## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended March 31, 2006**

**Net Change in Fund Balances - Total Governmental Funds** \$ (31,636)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures; in the  
statement of activities, these costs are allocated over their  
estimated useful lives as depreciation:

Asset purchases	260,510
Depreciation	(173,589)

Debt proceeds not reported as financing sources on the statement of activities	(101,376)
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Repayment of debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	<u>40,000</u>
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**Change in Net Assets of Governmental Activities** \$ (6,091)

# **Township of Marshall**

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## **Notes to Financial Statements March 31, 2006**

### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Township of Marshall, Michigan (the "Township") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity**

The Township is governed by an elected five-member board of trustees. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in these financial statements.

The Township is a member of the Marshall Area Firefighters Ambulance Authority (the "Authority"). The Authority receives a millage to provide emergency medical services to the Township along with other townships and cities that are part of the Authority. The Township does not have an equity interest in the Authority.

#### **Government-wide and Fund Financial Statements**

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For the most part, the effect of interfund activity has been removed from these statements.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

# Township of Marshall

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## Notes to Financial Statements March 31, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, property taxes, and interest associated with the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental fund:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

#### Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2005 tax is levied and collectible on December 1, 2005 and is recognized as revenue in the year ended March 31, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2005 taxable valuation of the Township totaled \$108 million, on which taxes levied consisted of .8095 mills for operating purposes. This resulted in \$88,000 for operating. This amount is recognized in the General Fund financial statements as tax revenue.

# Township of Marshall

## Notes to Financial Statements March 31, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Assets, Liabilities, and Net Assets or Equity

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Capital Assets** - Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Land improvements	20 years
Building and improvements	10-40 years
Equipment	5-10 years

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.



# **Township of Marshall**

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## **Notes to Financial Statements March 31, 2006**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Note 2 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in the same investments listed above in accordance with the statutory authority.

# Township of Marshall

## Notes to Financial Statements March 31, 2006

### Note 2 - Deposits and Investments (Continued)

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$182,202 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Credit Rate Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

The Township has the following investment with credit risk and the applicable rating:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Government Agency Bond Pool	\$38,653	Unrated

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township does not specifically identify interest rate risk in the investment policy adopted by the Township. The Township has the following investment with interest rate risk:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
Government Agency Bond Pool	\$38,653	1/15/2023

# Township of Marshall

## Notes to Financial Statements March 31, 2006

### Note 3 - Capital Assets

A summary of changes in capital assets follows:

<b>Governmental Activities</b>	Balance April 1, 2005	Additions	Disposals and Adjustments	Balance March 31, 2006
Capital assets being depreciated:				
Land improvements	\$ 25,818	\$ -	\$ -	\$ 25,818
Buildings and improvements	155,190	-	-	155,190
Equipment	908,778	260,510	-	1,169,288
Subtotal	1,089,786	260,510	-	1,350,296
Accumulated depreciation:				
Land improvements	5,028	1,291	-	6,319
Buildings and improvements	65,393	3,880	-	69,273
Equipment	229,591	168,418	-	398,009
Subtotal	300,012	173,589	-	473,601
Net capital assets	<u>\$ 789,774</u>	<u>\$ 86,921</u>	<u>\$ -</u>	<u>\$ 876,695</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 12,991
Public safety	<u>160,598</u>
Total governmental activities	<u>\$ 173,589</u>

### Note 4 - Long-term Debt

The Township has a bank installment contract with \$110,000 outstanding at March 31, 2006 for the purchase of fire equipment. Payments are quarterly, including interest at 2.99 percent. The contract is due in November 2008.

The Township has a vendor installment contract with \$101,376 outstanding at March 31, 2006 for the purchase of sirens and related equipment. Payments are made annually including interest at 5.22 percent. The contract is due in August 2008.

# Township of Marshall

## Notes to Financial Statements March 31, 2006

### Note 4 - Long-term Debt (Continued)

#### Changes in Long-term Debt

The following is a summary of long-term debt transactions of the Township for the year ended March 31, 2006:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
Installment purchase agreement - Fire truck	2.99%	\$30,000- 40,000	\$ 150,000	\$ -	\$ (40,000)	\$ 110,000	\$ 40,000
Installment purchase agreement - Sirens	5.22%	\$32,088 - 35,525	-	101,376	-	101,376	32,088
Total			<u>\$ 150,000</u>	<u>\$ 101,376</u>	<u>\$ (40,000)</u>	<u>\$ 211,376</u>	<u>\$ 72,088</u>

#### Debt Service Requirements

The annual debt service requirements are as follows:

Years Ending March 31	Principal	Interest	Total
2007	\$ 72,088	\$ 8,132	\$ 80,220
2008	73,763	5,261	79,024
2009	<u>65,525</u>	<u>2,303</u>	<u>67,828</u>
Total	<u>\$ 211,376</u>	<u>\$ 15,696</u>	<u>\$ 227,072</u>

### Note 5 - Designated Fund Balance

The fund balance of the General Fund has been designated for the following purposes:

Township development	\$ 23,000
Fire truck and equipment	<u>104,981</u>
Total	<u>\$ 127,981</u>

# Township of Marshall

## Notes to Financial Statements March 31, 2006

### Note 6 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits. The Township has purchased commercial insurance for these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

### Note 7 - Construction Fees

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that the collection of these fees be used for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Permit charges	\$ 47,129
Inspector fees	<u>(60,227)</u>
Revenue over expenditures	(13,098)
Beginning balance of reserve	<u>(8,877)</u>
Ending balance of reserve	<u><u>\$ (21,975)</u></u>

### Note 8 - Defined Contribution Retirement Plan

The Township provides retirement benefits to all of its employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Township board, the Township contributes 3 percent of employees' gross earnings for employees with wages greater than \$5,000 during the fiscal year. In accordance with these requirements, the Township contributed \$2,230 during the year ended March 31, 2006.

## **Required Supplemental Information**

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# Township of Marshall

## Required Supplemental Information Budgetary Comparison Schedule General Fund Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable) with Amended Budget
<b>Revenue</b>				
Taxes	\$ 146,660	\$ 146,660	\$ 138,816	\$ (7,844)
Street lights - Special assessment	9,300	10,700	10,701	1
Licenses and permits	59,140	50,000	50,950	950
State sources	200,000	200,000	197,496	(2,504)
Grants	-	124,663	124,663	
Charges for services	23,250	23,250	53,098	29,848
Interest	5,500	8,940	13,322	4,382
Other	3,700	3,700	-	(3,700)
Total revenue	447,550	567,913	589,046	21,133
<b>Contribution from Fund Balance</b>	95,800	80,961	-	80,961
Total sources of funds	543,350	648,874	589,046	(59,828)
<b>Expenditures</b>				
General government:				
Supervisor:				
Salary	-	-	13,425	-
Payroll taxes	-	-	936	-
Other	-	-	445	-
Total supervisor	13,500	13,500	14,806	(1,306)
Clerk:				
Salary	-	-	20,108	-
Deputy clerk	-	-	1,102	-
Payroll taxes	-	-	1,599	-
Education	-	-	1,952	-
Other	-	-	969	-
Total clerk	23,850	23,900	25,730	(1,830)
Treasurer:				
Salary	-	-	18,784	-
Payroll taxes	-	-	1,335	-
Supplies	-	-	225	-
Other	-	-	524	-
Total treasurer	19,500	19,600	20,868	(1,268)

# Township of Marshall

## Required Supplemental Information Budgetary Comparison Schedule (Continued) General Fund Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable) with Amended Budget
<b>Expenditures (Continued)</b>				
General government (Continued):				
Township board:				
Salaries	\$ -	\$ -	\$ 2,493	\$ -
Payroll taxes	-	-	178	-
Pension	-	-	19	-
Memberships and dues	-	-	2,547	-
Supplies	-	-	2,744	-
Insurance and bonds	-	-	32,070	-
Professional services	-	-	17,981	-
Postage	-	-	3,077	-
Repair and maintenance	-	-	138	-
Other	-	-	1,967	-
Total township board	64,000	64,000	63,214	786
Township Hall:				
Salary	-	-	5,637	-
Payroll taxes	-	-	379	-
Repair and maintenance	-	-	9,284	-
Telephone	-	-	2,459	-
Gas and electric	-	-	7,774	-
Office supplies	-	-	2,281	-
Office equipment	-	-	4,605	-
Snow removal	-	-	767	-
Lawn care	-	-	1,750	-
Total Township Hall	42,000	40,000	34,936	5,064
Elections:				
Salary	-	-	5,626	-
Payroll taxes	-	-	245	-
Other	-	-	750	-
Total elections	7,500	7,500	6,621	879
Board of Review	1,600	1,650	1,641	9
Cemetery	3,300	5,000	4,901	99



# Township of Marshall

## Required Supplemental Information Budgetary Comparison Schedule (Continued) General Fund Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable) with Amended Budget
<b>Expenditures (Continued)</b>				
General government (Continued):				
Assessor:				
Assessor and tax roll preparation	\$ -	\$ -	\$ 17,118	\$ -
Office supplies	-	-	42	-
Other	-	-	-	-
Total assessor	18,000	18,000	17,160	840
Total general government	193,250	193,150	189,877	3,273
Public safety:				
Fire protection:				
Salaries	-	-	66,880	-
Payroll taxes	-	-	4,947	-
Operating supplies and maintenance	-	-	23,878	-
Other	-	-	952	-
Capital outlay	-	-	15,806	-
Membership and dues	-	-	373	-
Utilities	-	-	967	-
Total fire protection	137,900	137,900	113,803	24,097
Fire board	2,400	2,400	920	1,480
Inspection:				
Salaries	-	-	16,300	-
Building inspector	-	-	22,266	-
Plumbing inspector	-	-	4,255	-
Mechanical inspector	-	-	4,474	-
Electrical inspector	-	-	8,016	-
Payroll taxes	-	-	4,075	-
Miscellaneous	-	-	841	-
Total inspection	50,500	59,000	60,227	(1,227)
Debt service	44,100	44,100	44,036	64
Fire equipment - Capital outlay	-	131,224	128,790	2,434
Siren replacements	60,000	25,700	25,344	356
Total public safety	294,900	400,324	373,120	27,204

# Township of Marshall

## Required Supplemental Information Budgetary Comparison Schedule (Continued) General Fund Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable) with Amended Budget
<b>Expenditures (Continued)</b>				
Utilities - Lighting	\$ 10,900	\$ 10,900	\$ 10,381	\$ 519
Street care	15,000	15,200	15,455	(255)
Planning and zoning:				
Planning and zoning consultant	-	-	4,089	-
Board salaries	-	-	7,846	-
Administrative salaries	-	-	16,300	-
Payroll taxes	-	-	1,368	-
Supplies and other	-	-	2,246	-
Total planning and zoning	29,300	29,300	31,849	(2,549)
Total expenditures	543,350	648,874	620,682	28,192
<b>Excess of Expenditures Over Revenue</b>	-	-	(31,636)	(31,636)
<b>Fund Balance - Beginning of year</b>	499,521	499,521	499,521	-
<b>Fund Balance - End of year</b>	<u>\$ 499,521</u>	<u>\$ 499,521</u>	<u>\$ 467,885</u>	<u>\$ (31,636)</u>

# **Township of Marshall**

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## **Note to Budgetary Comparison Schedule Year Ended March 31, 2006**

### **Note - Stewardship**

The annual budget is prepared by the Township treasurer and presented to the board by the supervisor. The annual budget is adopted by the Township board and subsequent amendments are approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2006 has not been calculated.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget statement (General Fund - Budgetary comparison schedule) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual expenditures to the General Fund budget, as adopted by the Township board, is included in the additional information. This comparison includes expenditure budget overruns. The Township had the following significant budget overrun during the year:

In addition to the budgetary information provided, the statement of revenue, expenditures, and changes in fund balance includes \$101,376 of revenues and expenses for the purchase of sirens financed through an installment purchase.